

Vietcombank (VCB)

Best-in-class performer throughout difficult times

Top leader with resilient performance

As one of the four pillars in the State-owned commercial bank group with the advantage of abundant and stable funds and top credit quality, VCB has continuously increased its credit market share, had high operating efficiency and the high profit quality in the industry. And that has been reaffirmed during the economic downturn, while other banks, especially private banks, have been under pressure to reduce profits (total PBT of 28 listed banks: -3.9%yoy in 1H2023), VCB still maintained profit growth (VCB's PBT: +18%yoy in 1H2023) and was not pressured by increasing bad debt like other banks.

Solid profitability prospects

With highest credit quality and provision buffers, VCB could not have much pressure on increasing provision expenses during the industry's difficult time, resulting in ensured operational results. In the market recovery period, NIM could improve without the large-scale interest rate exemption/reduction policies. We forecast that 2024F/2025F BVPS could grow 21%yoy.

Initiate coverage with a BUY recommendation

We initiate our coverage on VCB with a BUY rating and a target price of VND100,000, implying a 18% upside by using a residual approach (50%) and P/B method (50%). We believe it is worth of trading at 3.45x (as 5-years historical valuation) for low-risk exposures in term of operational and market risks. Slower-than-expected revival economic growth could continue to implement exemption interest packages and hinder our projections.

	2021A	2022A	2023F	2024F	2025F
Total operating income (VND bn)	56,724	68,083	72,237	81,473	96,567
(chg, %)	15.6	20.0	6.1	12.8	18.5
PPE (VND bn)	39,149	46,832	50,566	57,031	67,597
NP of controlling interest (VND bn)	21,919	29,899	33,228	38,259	45,568
NIM (%)	3.18	3.41	3.21	3.41	3.53
Credit cost ratio (%)	1.29	0.89	0.75	0.69	0.70
Credit growth (%)	15.1	18.8	7.7	13.6	14.9
Cost-income ratio (%)	31.0	31.2	30.0	30.0	30.0
NPL ratio (%)	0.64	0.68	0.83	0.83	0.68
NPL coverage ratio (%)	424.4	316.9	308.8	289.2	328.0
CAR ratio (%)	10.4	10.2	11.9	13.0	14.0
BPS (VND, adj.)	29,397	28,644	29,920	36,301	43,919
EPS (VND, adj.)	5,357	5,824	5,527	6,381	7,618
(chg, %)	7.7	8.7	-5.1	15.4	19.4
PB (x)	2.9	3.0	2.8	2.3	1.9
PE (x)	15.8	14.6	15.3	13.3	11.1
ROA (%)	1.6	1.9	1.8	2.0	2.1
ROE (%)	21.6	24.4	21.9	20.7	20.3
Dividend yield (%)	0.0	0.0	0.0	0.0	0.0

Note: Net profit, EPS and ROE attributed to controlling interest

Company

In-depth

Banking

23 Oct 2023

12M rating **BUY**
12M TP **100,000** from **84,500**
Up/Downside **+18%**

Stock data

VNIndex (Oct 23, pt)	1,094
Stock price (Oct 23, VND)	84,500
Market cap (USD mn)	19,198
Shares outstanding (mn)	5,589
52-Week high/low (VND)	93,400/57,579
6M avg. daily turnover (USD mn)	3.90
Free float / Foreign ownership (%)	25.2/23.5
Major shareholders (%)	
SBV	63.3
Mizuho	12.7
GIC	2.16

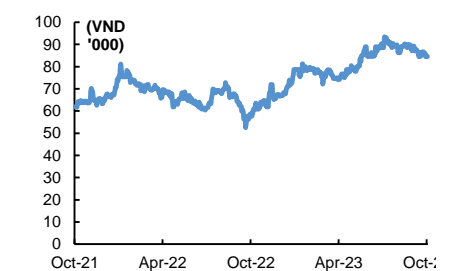
EPS revision (KIS estimates, VND)

	Previous	Revised	(%)
2023F	N/A	N/A	
2024F	N/A	N/A	

Performance

	1M	6M	12M
Absolute (%)	-0.1	0.1	0.5
Relative to VNIndex (%p)	0.0	0.1	0.4

Stock price



Source: Bloomberg

Research Dep

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What is the report about?

- Leader with the resilient performance even the economic slowdown
- Solid profitability prospects
- BUY rating for premium valuation with higher ROE and lower operational and market risks

I. Recommendation and rating

BUY on VCB with TP at VND100,000

Apply residual income valuation and multiple methods for valuation

We reiterate BUY on VCB with TP at VND100,000 after rolling forward to 3Q-2024 with our assumptions. The fair value is estimated as an average of residual income (50%) and PB multiple valuation (50%). We have a BUY Rating for VCB given (1) competitive funding advantages could help to increase market shares (2) Profit margin is more stable than others amid the industry's difficulty (3) top asset quality helps to ensure high operational safety and optimize business performances.

We apply the cost of equity at 11.7%, assuming 1) a risk-free rate of 4.5% 2) a beta of 0.9 and 3) an equity risk premium of 8.0%. Our target price of VND100,305 (upside 18% from the current price share) is based on weighting of 1) a forward PB of 3.45x (average 5-years historical P/B) on the average BPVS over 2023F-2024F and 2) a residual valuation method over a 5-year projection period. Our residual income valuation – based target price is VND80,549 with cost of equity of 11.7% and terminal value of 3% to reflect growths for the banking industry in emerging countries. We believe VCB should be trading PB at a premium rate (131%) to the average peer's PB of 1.49x due to higher ROE and lower operational and market risks.

In 2023, VCB's stock price (+28%YTD) outperformed VN-index (+15%YTD) thanks to (1) VCB's business results was better than industry's results (2) VCB could implement private placement with deal size of 6.5% of charter capital (expected completion in 2Q24). This stage is similar with period when VCB announced to sell shares to Singapore investment fund- GIC (2016-2018: deal information and close deal at early 2019). The estimated deal valuation of P/B with GIC was 3.2x (Bidding stock price ~VND 55,800, 2018 BPVS of VND17,264).

Table 1. Cost of equity

Items	
Beta (x)	0.9
Risk free rate (%)	4.5
Equity risk premium (%)	8.0
Cost of equity (%)	11.7

Table 2. Banded valuation

Metrics	Implied price	Weight	Weight
PB	119,734	50%	59,867
Residual income approach	80,877	50%	40,438
VCB's target share price			100,305

Table 3. Justified P/B ratio

Items	
ROE (average 2023F-2024F)	3.0
r (cost of equity)	11.7
g (sustainable growth)	21.0
Target P/B ratio	2.1

Table 4. Valuation approach

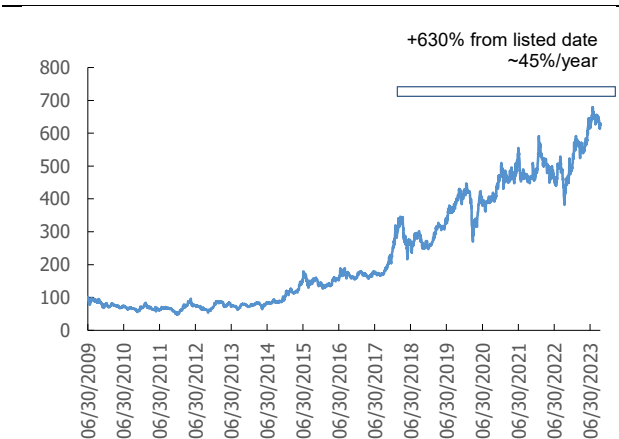
1. Residual approach	2023F	2024F	2025F	2026F	2027F
Net attrib profit	33,228	38,259	45,568	52,131	59,590
Equity	1,587,645	1,748,582	1,974,870	2,230,865	2,528,432
ROE	21.9	20.7	20.3	19.3	18.5
Cost of equity	11.7	11.7	11.7	11.7	11.7
Residual income	17,368	18,694	21,830	23,412	25,188
Discount factor	1	0.90	0.80	0.72	0.64
PV of FCF 2023-2027	84,580	92,456			
Persistence factor	3.00	3.00			
Terminal value	184,226	205,780			
Total value	404,363	465,462			
Outstanding shares	5,589	5,589			
Price (VND/shr) (A)	72,350	83,282			
3Q-FY 24 TP		80,549			

2. P/B multiple approach

BVPS (average of 2023F-2024F, VND)	34,705
Fair PB (x)	3.45
Price (VND/shr) (B)	119,734

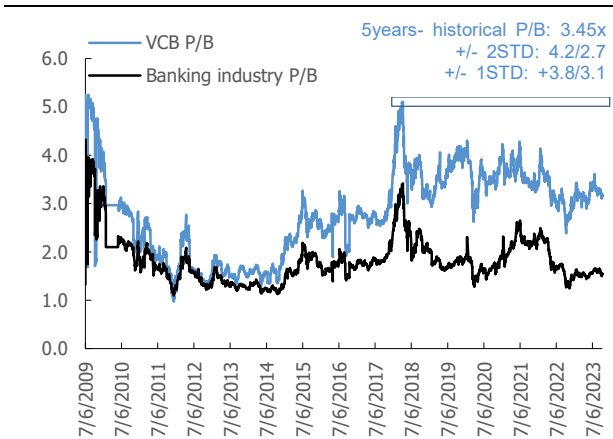
Sources: Bloomberg, KIS

Figure 1. Return from listed stock



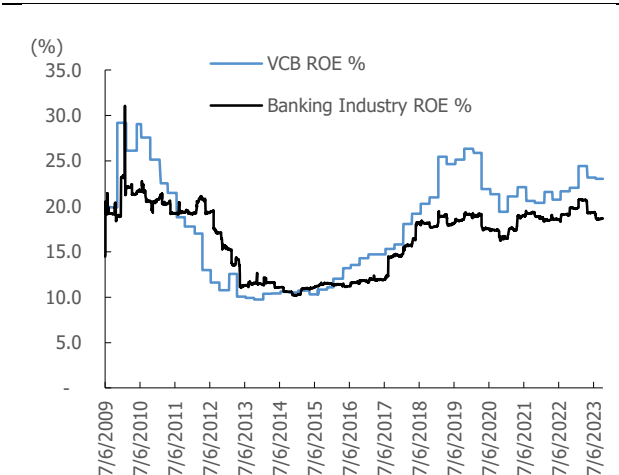
Source: SBV, VCB, KIS VN

Figure 2. P/B VCB and banking industry



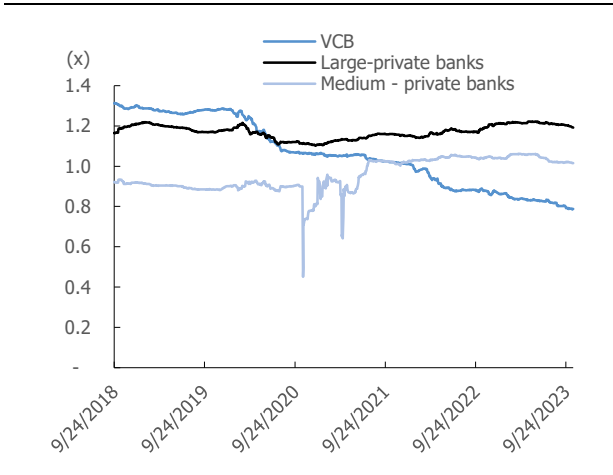
Source: VCB, KIS VN

Figure 3. VCB and banking industry's ROE



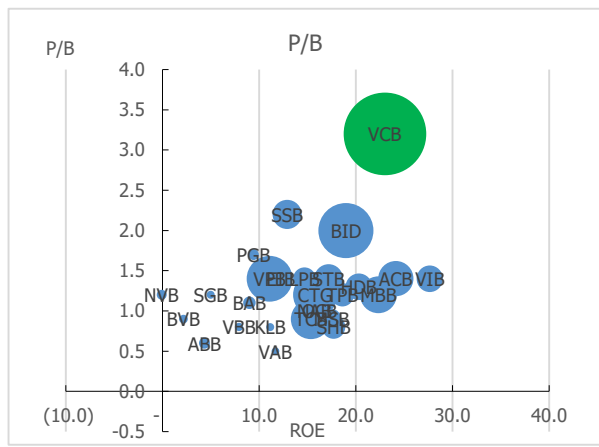
Source: SBV, VCB, KIS VN

Figure 4. VCB's beta compared to the industry's beta



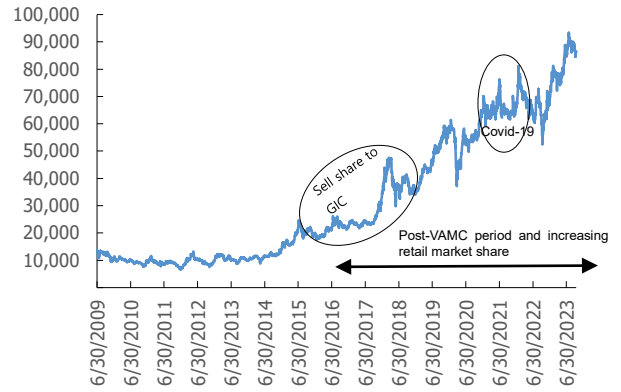
Source: VCB, KIS VN

Figure 5. P/B and ROE in the industry



Source: SBV, VCB, KIS VN

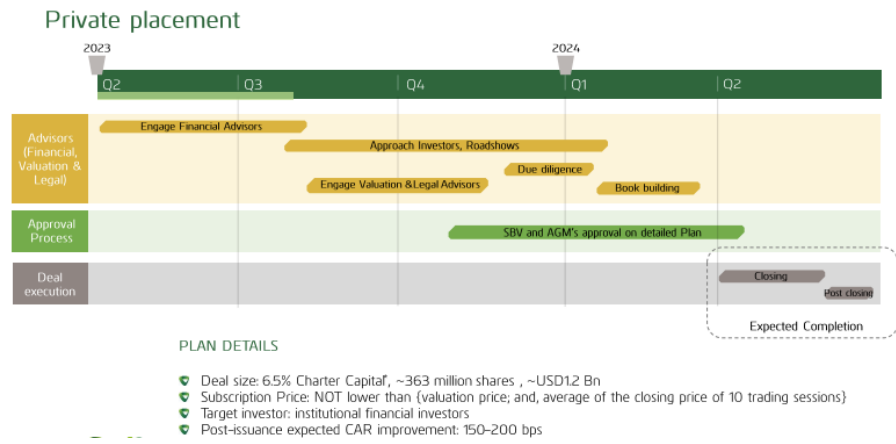
Figure 6. Stock price



Source: VCB, KIS VN

Figure 7. Private placement chart

Private placement with deal size of 6.5% charter capital.



Source: Fiinpro, KISVN

I. Leader with the resilient performance even the economic slowdown

1. Stable and low-cost capital mobilization as a solid foundation for increasing credit market share

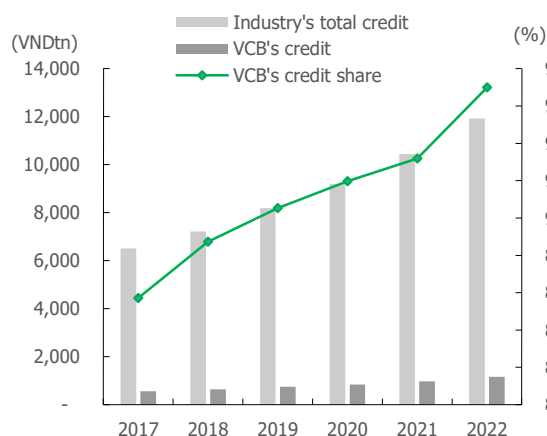
Increasing credit market shares

With the higher credit growth than the industry, VCB's credit market share continuously rallied from 8.9% in 2018 to 9.7% in 2022, driven by the retail loan expansion and ranked 4th in the credit balance. VCB's credit balance rose at CAGR of 16% in 2018-2022 (vs the industry's growth of 14%), of which retail grew at CAGR of 23% in 2018-2022.

Slow 1H2023 credit growth mainly due to a sharp decline in the retail segment, especially mortgage loans

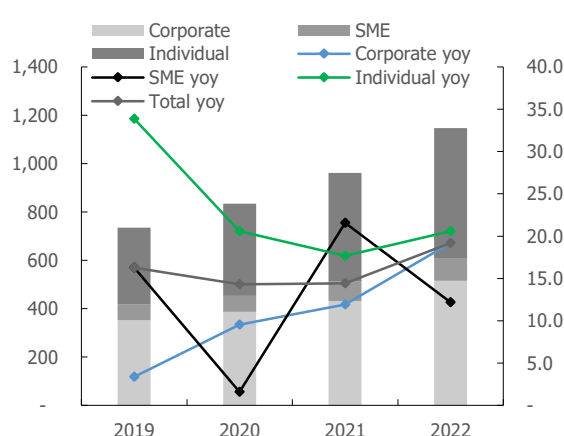
However, 1H2023, VCB's total credit grew 2.9%YTD, lower than the industry growth of 4.7%. Of which, Corporation, SME, and individual growth rose by 5.1%YTD, -1.2%YTD and 0.9%YTD. Credit demand was slow in line with the context of stagnant production in domestic and global economy. The retail demand for mortgage was also quiet amid the real estate market turmoil. Meanwhile, VCB also still maintained the prudent credit disbursement during the slowdown period. In the near-term, VCB could expand credit segments both retail and corporations, depending on the market recovery and borrower's financial health according to VCB.

Figure 8. Credit market share



Source: SBV, VCB, KIS VN

Figure 9. Credit growth by segments



Source: VCB, KIS VN

Consistently increasing market share after VCB's strategy has focused on retail expansion thanks to (1) competitive advantages of stable capital mobilization with low cost as a foundation for lower lending rates than others (2) remained moderate growth rate of corporation loans.

(1) Some key divers of mobilization advantages in the battle to increase market shares:

- **Stable mobilization:** As one of the four major state-owned banks, VCB ranked 4th in total deposit in the banking system (2022) with maintained deposit market share of 10.5% in 2018-2022.

VCB's mobilized capital was more stable and cheaper than that of private banks thanks to (1) the nationwide network with 4th rank in term

Stable funds and low cost of fund

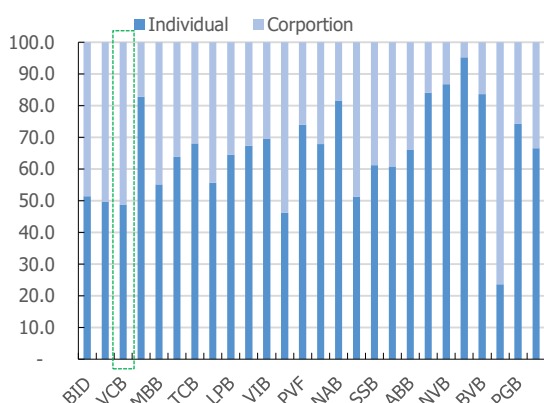
of the number of branches and transactions and 1th rank customers per branches and transactions (2) brand-name reputation (3) a large number of long-standing large enterprises in the key sectors of economy: Oil&Gas, Electricity, posts and telecommunications groups, Marine, ...

Like other state-owned commercial banks (SOCBs): CTG, BID, VCB's deposit sources equally came from both individual and economic entities (nearly 50%-50%), meanwhile private banks' deposit largely come from individual (average rate of 66% in 2022).

- **Low-cost of drive low-lending rates:** Compared with private banks, SOCBs (including VCB) has the lower customer deposit rates. Besides, VCB has a high CASA ratio - 4th rank in the industry, leading lower COF and higher NIM than other SOCBs.

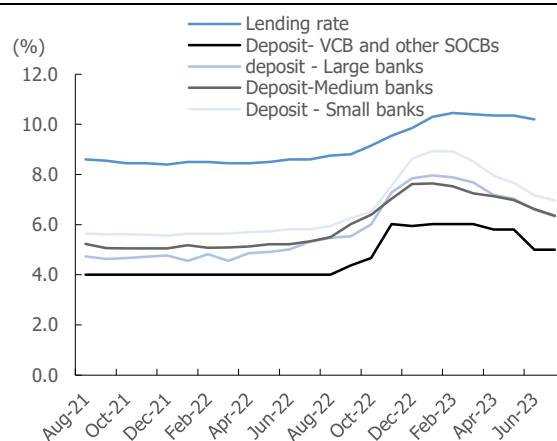
Lending rate based on cost of fund (+) margin. SOCBs, including VCB, have lower cost of fund, leading to lower lending rate and create price advantages for increasing market shares.

Figure 10. NIM fluctuation with average of 3Q19-2Q22



Source: Fiinpro, Banks, KIS VN

Figure 11. Deposit rates



Source: VCB, KIS VN

(2) Retail credit expansion with maintained moderate growth of corporate loans

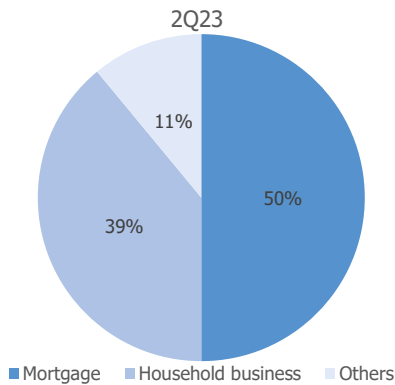
Retail credit expansion and maintained moderate growth of corporation loans

The retail proportion of VCB's total credit climbed from 37% in 2018 to 47% in 2022 with CARG of 23%. VCB focused on the mortgage segment (53% of retail loan as of end-2022) and household business segment (38% of retail loan as of end 2022). Compared to SOCBs, VCB had a higher retail proportion (VCB: 47%, BID: 44%, and CTG: 37% in 2022) and more prudent risk than others

VCB kept a moderate growth of corporate loan with CAGR of 11% in 2018-2022. VCB has long-standing corporate customers: PetroVietnam, ACV, Vietnam airline, VNPT, Vietnam Rubber group, etc. VCB mainly disburse loan on the industrial manufacturing (28%) and trade & services sectors (16%).

VCB play critical roles in supporting economic recovery via of reducing interest packages during the slowdown period and covid-19 pandemics; and arranging capitals for key national projects. Therefore, VCB could not optimize profit margin during its supporting responsibility to customers.

Figure 12. Structure of retail loan



Source: Fiipro, Banks, KIS VN

Figure 13. Some strategic cooperation



Source: VCB, KIS VN

2. More NIM stability even the economic slowdown and industry's difficulties

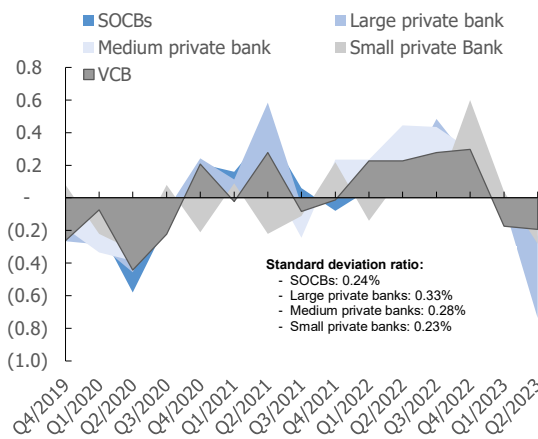
Compared to large private commercial banks, VCB's NIM or SOCBs was more stable, especially in the downward cycle in 2023 thanks to mobilization stability as mentioned above. 1H2023, VCB's 1H2023 NIM slightly fell -0.17% to 3.26% from 2022 (if excluding the exemption package of 0.5% for total loan, NIM did not shrink). A decrease in VCB's NIM was less than that of others (MBB: -0.4%, TCB: -1.4%, VPB: -2%, HDB: -0.4%, and industry average of -0.3%)

- VCB's Low volatility thanks to (1): less fluctuation of deposit rate with lower increase in 4Q22-2Q23, (2) more stable capital capitalization (customer deposit of +6.7%YTD in 1H2023) (3) more corresponding asset yield in line with COF adjustments. Furthermore, some large private banks crashed during the economic downward such as TCB with significantly supporting customers, VPB with mass customer bases

Compared to SOCBs, VCB's NIM was higher than other SOCBs (BID, CTG) thanks to the advantage of CASA resources. Besides, VCB still have potential to improve NIM thanks to improved CASA and no exemption interest packages to whole customers in the market's recovery prospects.

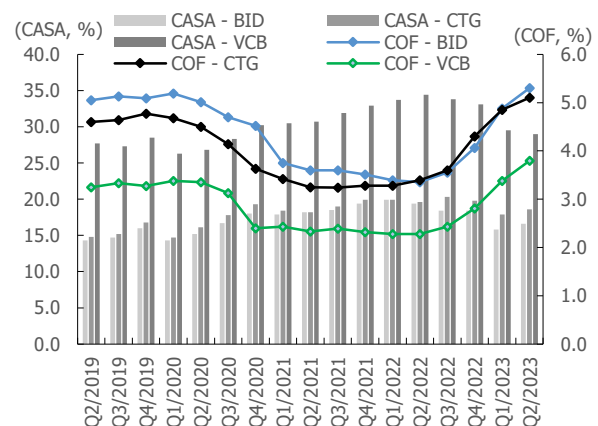
VCB's NIM was more stable during the economic slowdown

Figure 14. NIM fluctuation with average of 3Q19-2Q22



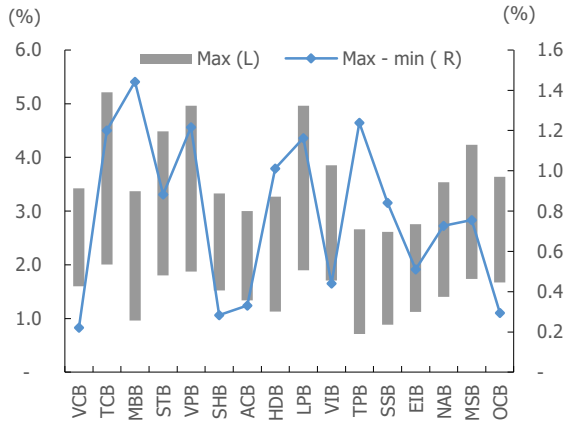
Source: Fiipro, Banks, KIS VN

Figure 15. CASA and cost of fund of SOCBs



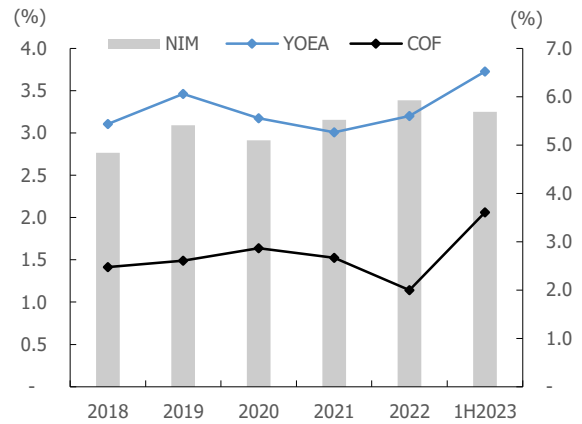
Source: VCB, KIS VN

Figure 16. Average Deposit rates: 4Q22-2Q23 vs 9M2022



Source: Fiinpro, Banks, KIS VN

Figure 17. VCB's NIM over 2018-1H2023



Source: VCB, KIS VN

3. The best-in-class asset quality

Lowest NPL and highest LLR

During 2018-2022 and even the economic slowdown in 1H2023, NPL maintained under 1% and the lowest ratio in the industry even the economic slowdown. Unlike other banks, especially private banks, those are suffering the increasing bad debt (both NPL 3-5 and NPL 2-5) and thinner backup buffer. Compared to other banks in SOCBs, VCB has demonstrated valuable prudent risk management that resulted in lower provisioning costs (lower credit costs) and higher profitability.

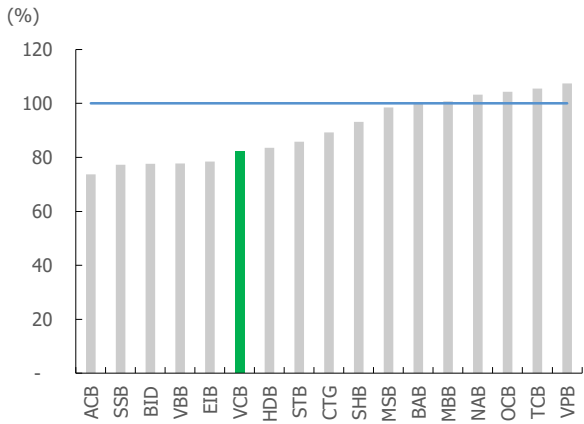
Key drivers for efficient risk management thanks to (1) prudent credit appraisal process with low risk appetite (2) high customer's quality with large corporations and retail with careful assessment from required credit disbursement (3) high collateral requirement with low LTV (4) apply both qualitative and quantitative methods (SOCBs and ACB) in the credit management (5) more aggressive provision with high bad debt coverage ratio (top 1 with rate of 386% vs industry's 75% as of end-2Q23) to avoid major shocks in the economic slowdown.

Besides, in investment portfolio structure, corporate bond balance accounted for small proportion in total credit – about 1% (2Q23), lower than large private banks such as MBB (8%), TCB (8%), TPB (9%), VPB 7%, ABB (6%)

Although circular 02/2023/TT-NHNN could help banks to reduce the increasing bad debt and provision expense burdens, the banks still face risks of the increasing NPL (including implied bad debts) and expenses after this circular expires (30 June 2024).

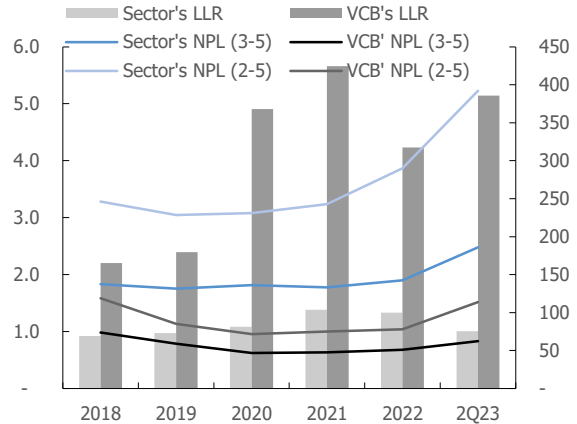
We believe that VCB could maintain the prudent credit policies in the coming years and kept the NPL at below 1.5% in the coming years and excessive credit risk provision.

Figure 18. Risk-Weighted asset/ total asset



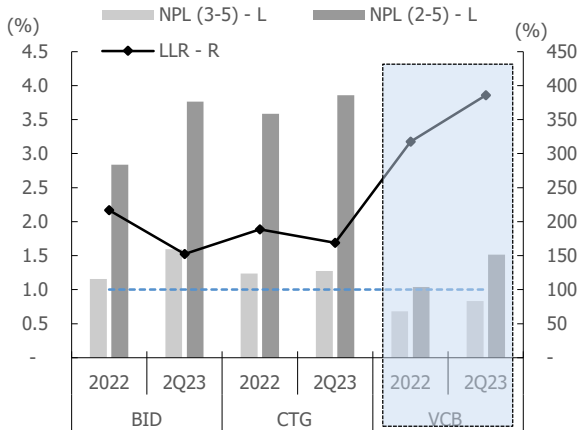
Source: Fiiipro, KIS VN

Figure 19. lowest NPL and highest LLR



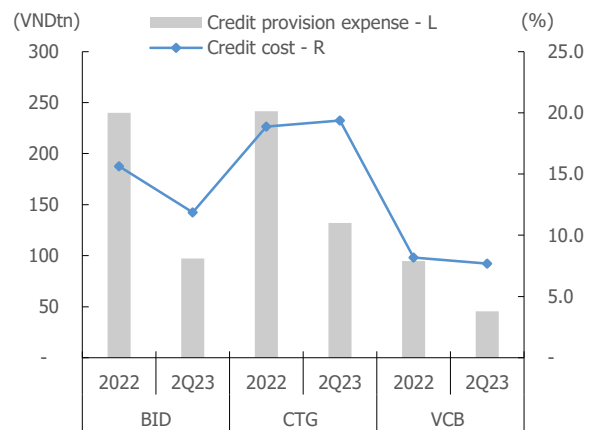
Source: Fiiipro, KIS VN

Figure 20. VCB's low NPL and highest LLR in SOCBs



Source: Fiiipro, KIS VN

Figure 21. Total credit balance and bad debt



Source: Fiiipro, KIS VN

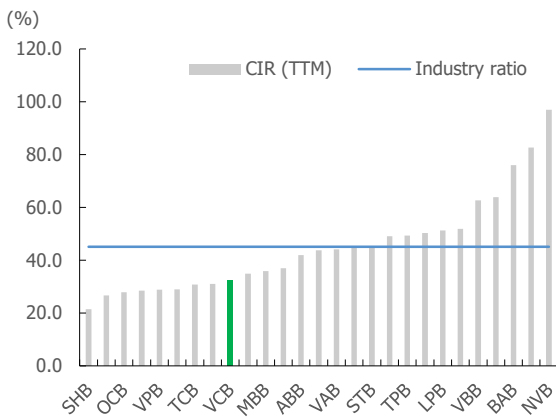
4. Resilient performance

Higher and more stable profitability

In 2017-1H2023, VCB's profitability (ROE and ROA) was consistently higher and more stable than that of the industry thanks to (1) VCB's stable business operation (2) higher operating margin with lower cost to income ratio (CIR) and manageable risk managements (3) higher than leverage ratio (vs private bank groups).

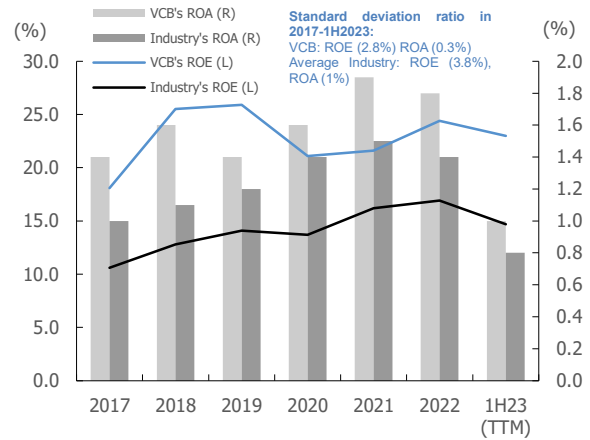
VCB's 1H2023 ROE (TTM) was down -1.43% to 23.02% from 2022 and VCB's ROA was maintained. VCB's volatility was lower level than industry's average rates (ROE: -2.2% and ROA: -0.2%) and others such as: MBB (ROE: -3.21%, ROA: -0.2%), ACB (ROE: -2.35% and ROA: -0%), TCB (ROE: -4.45 and ROA: -0.7%)...

Figure 22. CIR in the industry



Source: VCB, KIS

Figure 23. ROE and ROA in the industry



Source: VCB, KIS

III. Firmly leading the industry

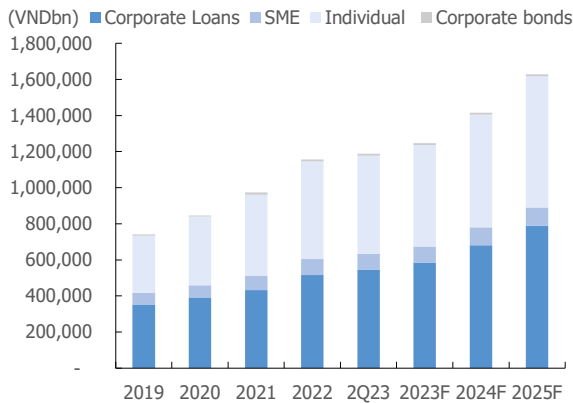
1. Credit growth recovery from 2024

We estimate that total credit could grow at a lower rate of 7.7%yoy in 2023F amid the economic slowdown and sluggish export-import activities and 13.6%yoy in 2024F and 15%yoy in 2025F thanks to the economic recovery, especially in the industry sectors. Of which:

Credit growth: 2023F of 7.9%, 2024F of 13.7% and 2025F of 15%

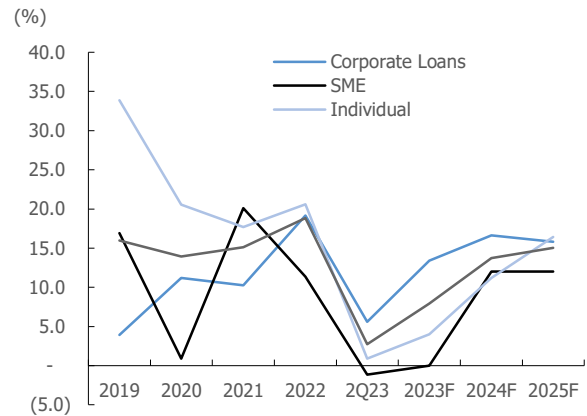
- Corporate loan (46% of total credit as of 2Q23): we expect the corporate credit could grow at 13.4% in 2023 and 17% in 2024 with and 16% in 2025. All sectors in 2023 could mostly reduce their credit demand due to shrunken production and business, especially sharply decreased in the industry sector. We expect the economy could gradually return to normal activities in 2024F and 2025F.
- Retail (46% of total credit as of 2Q23): Retail loans could stay flat in 2203 and grew 11% in 2024 and 16% in 2025. Demand for mortgage loans (50% of total retail loan as of 2Q23) could be gloomy in 2023F and gradually recover at 10%yoy in 2024F and 20%yoy in 2025F. Demand for household business loan (39% of total credit as of 2Q23) could grow at a moderate rate of 8% in 2023F, 10% in 2024F and 11% in 2025F.
- SME (7% of total credit as of 2Q23): we estimate that 2023F credit could stay flat, and grew at 12%yoy in 2024F and 2025F for the market recovery.

Figure 24. High retail and Wholesale proportion



Source: VCB, KIS

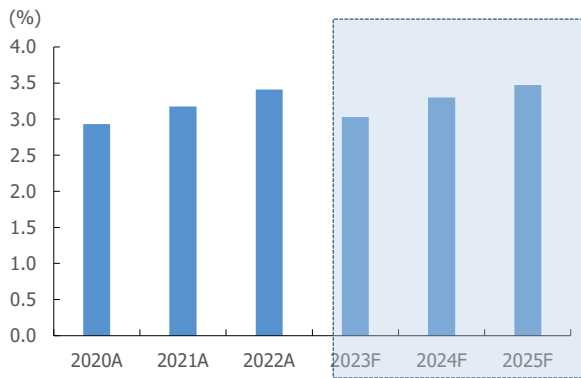
Figure 25. A slower credit growth in 2023



Source: VCB, KIS

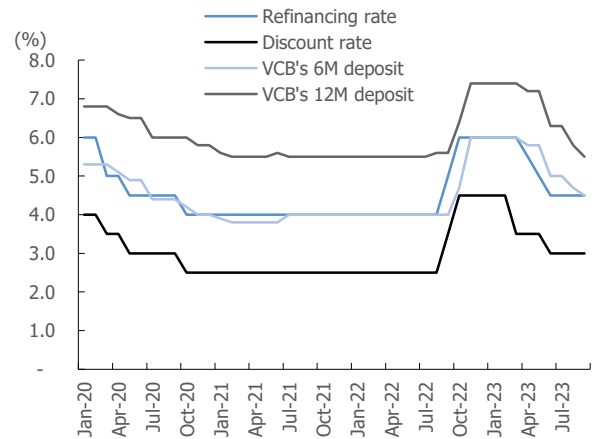
2. NIM stability in the forecast period

Figure 26. NIM improvement from 2024F



Source: VCB, KIS

Figure 27. VCB's deposit rates follow Policies rates



Source: SBV, VCB, United Nation, KIS

2023F NIM could slightly fall to 3.21% from 3.41% in 2022 mainly due to the interest rate exemption package and higher cost of fund with the CASA decline. 2024F/2025F NIM could improve to 3.4%/3.6% as detail in below:

Expected NIM improvement for better market conditions

- In order to stimulate the economy during the recession period, the interest rate could remain at the current low level. VCB quoted deposit rates slid -1.5%-1.9% YTD as of Sep 2023 and we project retain in end-2023 and 2024, resulting in the lower COF
- With expected economic recovery, 2024F/2025F CASA could improve to 32%/34% after plunging to 30% in 2023F and VCB could not implement interest rate exemption programs in 2024F-2025F and an interest rate stability environment.

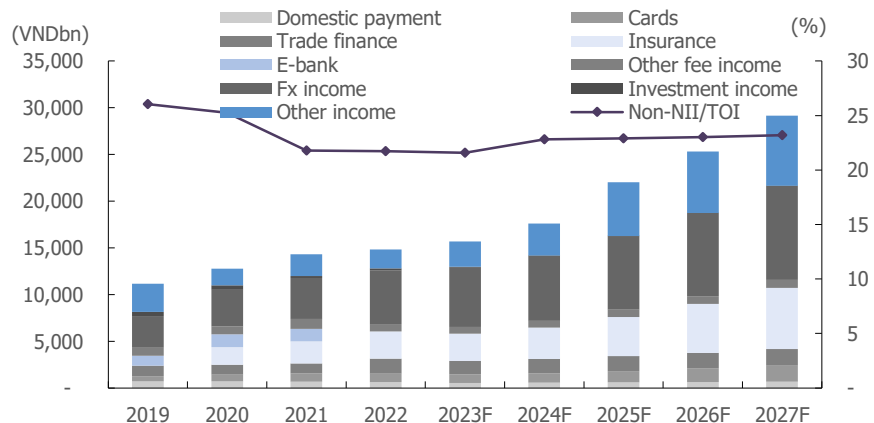
3. Service incomes could lead non-interest income recovery

We expect the non-interest income could grow +6%/yoy /12%/yoy /25%/yoy in 2023F/2024F/2025F. Of which,

- Forex income (38% of total non-interest income as of 2022): 2023F/2024F/2025F could grow at 11%/yoy/9%/yoy/13%/yoy. We expect that FX transaction volume could stay flat in 2023F due to the import-export turnover and economic activities slowdown and recovery at 8.5%/yoy in 2024F and 11.5%/yoy in 2025F thanks to the market recovery. Meanwhile, the bid-ask spread could maintain high in 2023F and be more stable in 2024F/2025F.
- Services income (46% of total non-interest income as of 2022): 2023F/2024F/2025F could grow at -4%/yoy/10%/yoy/16%/yoy: 2023F Bancassurance could stay flat due to the slow demand amid the economic slowdown and the government's investigation. 2024F/2025F could grow 15%/yoy/25%/yoy for the market revivals; Trade finance: 2023F/2024F/2025F could grow -10%/yoy/5%/yoy/5%/yoy. Trade volume could be low in 2023 from weak external demand; Domestic payment of 2023F/2024F/2025F could rise -16%/yoy/5%/yoy/5%/yoy due to fierce completion.

Non-interest income ratio could maintain in the forecast period.

Figure 28. Non-interest income



Source: Fiinpro, KISVN

4. Solid profit with roles of a pedestal for the economy

We see that VCB's business depends heavily on the economic healthy for credit demand and performs the supporting roles for the economic slowdown via large-scale lending rate exemption packages. However, with good credit quality and prudence along with operational efficiency, VCB could keep their profits even the bleak periods.

We forecast that VCB's 2023F TOI and PBT could grow +6%/yoy to 72,237VND and by +11%/yoy to VND41,563bn, based on the assumptions:

- Credit growth of 7.7%/yoy thanks to the large corporation group and NIM of 3.21% with the lending interest rate exemption packages
- NFI could rise 6%/yoy with the calmness of payment and insurance activities
- CIR and NPL are estimated at 30%/yoy and 0.83%/yoy, respectively

We forecast that VCB's 2024F TOI and PBT could rise by +13%yoy to VND81,473bn and by +15%yoy to VND47,856bn, based on assumptions:

- Credit growth of 13.6%yoy thanks to gradual economic recovery and NIM of 3.4% with the CASA ratio improvement, the stable deposit rate environments and no interest rate exemption programs.
- NFI grows at a moderate rate of 12%yoy with expected income recovery from bancassurance and payment activities
- CIR and NPL are estimated at 30% and 0.83%, respectively

We forecast that VCB's 2025F TOI and PBT could rise by +19%yoy to VND96,567bn and by +19%yoy to VND56,599bn, based on assumptions:

- Credit growth of 14.9% thanks to the strong retail loan recovery and NIM of 3.53% with higher CASA
- NFI could recover with strong growth rate of 25%yoy
- CIR and NPL are estimated at 30% and 0.68%, respectively

■ Company overview

Vietcombank (VCB) is the fourth largest bank in terms of total assets and is the leader in forex trading and international settlement in Vietnam. It is also the most profitable locally and aims to become one of the 300 largest banking financial groups globally.

Balance sheet

(VND tn)

	2021	2022	2023F	2024F	2025F
Total assets	1,415	1,814	1,820	2,017	2,292
Gross IEAs	1,386	1,760	1,796	1,992	2,264
Loans and corp bonds	973	1,156	1,246	1,416	1,627
Household	448	540	562	625	727
Corporate	525	616	1,246	1,416	1,627
Dep't and loans to FIs	318	409	366	377	418
Dep't to SBV and G-bond	95	195	184	199	218
VAMC bond	-	-	-	-	-
NIEAs	59	90	67	70	76
Others	30	36	43	45	47
Total liabilities	1,306	1,678	1,652	1,814	2,046
Deposits	1,135	1,243	1,373	1,519	1,723
Debentures	17	25	18	23	34
Dep't and loans from FIs	110	233	186	195	205
Loans from Gov't and SBV	9	67	11	12	12
Other liabilities	34	110	65	65	71
Total equities	109	136	167	203	246
Controlling interests	109	136	167	203	245
Capital stock	37	47	56	56	56
Capital surplus	5	5	5	5	5
Other reserves	18	23	27	32	38
Retained earnings	48	61	79	109	146
OCI	0	(0)	1	1	1
Key financial data	0	0	0	0	0

Key financial data

	2021A	2022A	2023F	2024F	2025F
Profitability and efficiency (%)					
ROE	21.6	24.4	21.9	20.7	20.3
ROA	1.60	1.85	1.83	2.00	2.12
NIM	3.18	3.41	3.21	3.41	3.53
Asset yield	5.30	5.64	5.85	5.55	5.95
Cost of fund	2.30	2.45	2.96	2.41	2.74
Cost-income ratio	31.0	31.2	30.0	30.0	30.0
Credit cost	1.29	0.89	0.75	0.69	0.70
Growth (%)					
Net profit of controlling interest	18.8	36.4	11.1	15.1	19.1
Pre-provision earnings	18.5	19.6	8.0	12.8	18.5
Credit growth	15.1	18.8	7.7	13.6	14.9
Total assets	6.7	28.2	0.3	10.8	13.6
Asset quality (%)					
NPL ratio	0.6	0.7	0.8	0.8	0.7
NPL coverage ratio	424.4	316.9	308.8	289.2	328.0
Loan to deposit	77.4	77.6	79.4	81.9	83.3
Capital adequacy (%)					
CAR ratio	10.4	10.2	11.9	13.0	14.0
CET1 ratio	N/A	N/A	N/A	N/A	N/A
Tier 1 ratio	9.2	9.1	11.1	12.1	12.9

Income statement

(VND tn)

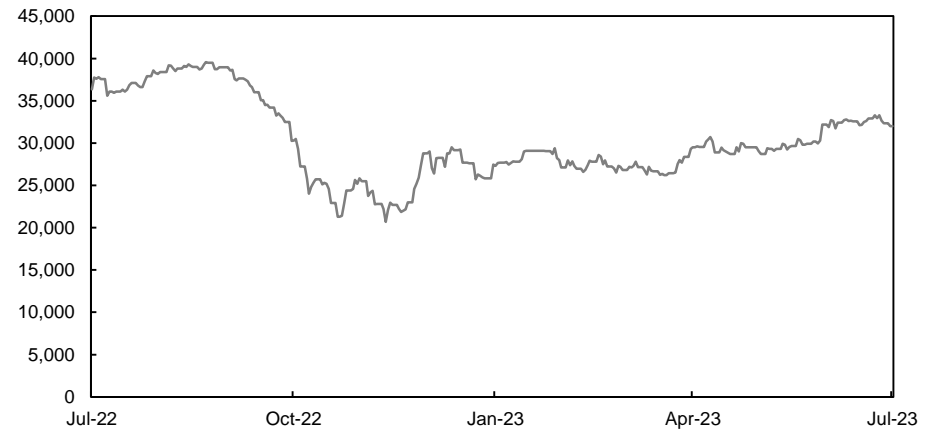
	2021A	2022A	2023F	2024F	2025F
Total operating income	57	68	72	81	97
Net interest income	42	53	57	64	75
Interest income	71	88	103	104	126
Interest cost	28	35	47	40	51
Non-interest income	14	15	16	18	22
Net commission income	12	13	13	14	16
Gains on investment securities	0	0	0	0	0
Other non-interest income	2	2	3	3	6
Provision for credit losses	12	9	9	9	11
Net operating revenue	45	59	63	72	86
SG&A	18	21	22	24	29
Employee benefits	10	11	-	-	-
Pre-provision earnings	39	47	51	57	68
Earnings before tax	27	37	42	48	57
Tax	5	7	8	10	11
Tax rate (%)	0	0	0	0	0
Continuing operations profit	19	28	30	35	39
Reversals of written-off loans	3	2	3	4	6
Net profit	22	30	33	38	46
Net profit of controlling interest	22	30	33	38	46

Valuation

	2021A	2022A	2023F	2024F	2025F
Per share (VND, adj.)					
BPS	29,397	28,644	29,920	36,301	43,919
EPS	5,357	5,824	5,527	6,381	7,618
DPS	0	0	0	0	0
Valuation (x)					
PB	2.9	3.0	2.8	2.3	1.9
PE	15.8	14.6	15.3	13.3	11.1
P/PPE	8.0	8.6	9.4	8.3	7.0
Dividend yield (%)	0.0	0.0	0.0	0.0	0.0
Dividend payout ratio (%)	0.0	0.0	0.0	0.0	0.0
ROE analysis (%)					
ROE	21.6	24.4	21.9	20.7	20.3
Leverage(x)	13.0	13.4	10.9	9.9	9.3
IEAs to total assets	95.9	95.1	96.4	96.6	96.8
Net income to IEAs	1.6	1.7	1.9	1.9	2.0
Net interest income to IEAs	3.1	3.0	3.1	3.2	3.3
Non-interest income to IEAs	1.0	0.8	0.9	0.9	1.0
Credit cost to IEAs	0.8	0.5	0.5	0.5	0.5
SG&A to IEAs	1.3	1.2	1.2	1.2	1.3

Changes to recommendation and target price

Company (code)	Date	Recommendation	Target price	% vs. avg. price	% vs. high (low)
Vietcombank (VCB)					



■ **Guide to KIS Vietnam Securities Corp. stock ratings based on 12-month forward performance**

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- Hold: Expected total return will be between -5% and 15%
- Sell: Expected total return will be -5% or less
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